
Monetary and Banking System; Budget and Public Loans



THE monetary unit of Albania is the gold Franc at one hundred Qindtar according to the law of July 12, 1925. The gold coin of twenty gold Francs has a weight of 6.45161 grams with an allowance of 1.29%. The issues of the Albanian National Bank are for five, twenty and one hundred gold Francs, and the coins issued for circulation are for one, one-half and one-fourth Lek, one Lek being the equivalent of one-fifth of a gold Franc—a Lek having twenty Qindtar. 436 •

The Albanian National Bank (Banka Kom-bëtare e Shqipnis) was created by law of September 2, 1925. 433

The exclusive privilege of emitting notes [436] was granted to the Albanian National Bank, which is a limited company, and which right is solely theirs for a duration of fifty years. The capital of the bank is 12,500,000 gold Francs of which three-tenths are actually

ALBANIA YESTERDAY AND TODAY

453 paid in. The by-laws of the bank provide that the notes issued for circulation have to be covered with thirty-three and one-third per centum; any decline of this percentage would have, eventually, to be circumvented by an increase of the rate of discount, which, at the present time is two and one-half per centum. Covering must be made in actual gold or of sight-drafts payable in gold; but in any case, one-third of it must consist of actual gold, that is: one-ninth of the total amount of notes in circulation.

• [436] Notes in circulation were 13,294,840 gold Francs, which were covered by 116%, according to the bank's balance sheet of December 31, 1932; the liabilities of the bank, on the same date, which were payable on sight, amounted to 19,432,192 gold Francs. Both of these totals were balanced by 5,534,837 in gold, sight-drafts also payable in gold amounted to 26,365,270 gold Francs and by 8,041,902 [436] of other stable values. The Albanian gold Franc, at the regular rate of exchange, has for a number of years last past always been equal with the Swiss Franc. In fact, at the present time, the Albanian gold Franc stands higher

Silver and Gold

blood of his brother this man cannot take his rightful position⁶²⁸
in the family or in the community to which he belongs, and⁵⁷⁷
rather than be an outcast and scorned by his people he is⁸³¹
prepared to spend a great part of his life in gaol. Such is
the Balkan code of honour.

At Koritza I found that the money in circulation was no⁴³⁶
longer Italian. Here, as at Tirana, one transacted business
with the krone (or crown) instead of with the lira, as at
Durazzo, Valona, Argyrocastron and in the South generally.
The currency, moreover, was entirely metal, and consisted,
in addition to the Austrian krone itself, of Turkish silver
coins, Greek silver drachmae, Serbian dinars, and so forth—
the basis being gold. There are no banks, but there are⁴⁵³
money-changers who are always quite willing to cash British
or American notes, and who have drawers full to the brim
with gold—French napoleons, English sovereigns and half-
sovereigns, and American five-dollar pieces. I had not seen
so much gold at one time since the old days before the war
when bank cashiers in English used to gather it up from the
counter by the shovelful.

The absence of banks must, one would imagine, be a⁴⁵³
considerable hindrance to the commercial development of a⁴⁵⁷
country. Nevertheless it is remarkable how little difference
it seems to make in Albania, and I began to wonder whether
banks are, after all, as essential as we are prone to think.
It was likely, however, at the time of which I am writing,
that an Albanian bank would shortly be established with
headquarters at Tirana. A proposal had been made by the